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Attorney for Camp Verde Water System Inc  
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE COMPLAINT OF ) Docket No.: W-01419A-09-0392  
SAM BOYLES, )  
Complainant, ) **ANSWER**  
vs. ) **Arizona Corporation Commission**  
CAMP VERDE WATER SYSTEM, INC., ) **DOCKETED**  
Respondent ) **SEP - 3 2009**

DOCKETED BY

Camp Verde Water System, Inc. ("CVWS" or "Company"), by and through undersigned counsel, hereby files its Answer to the Complaint served on the Company on August 14, 2009 and admits, denies, and alleges as follows:

1. The Company denies the allegation that Complainant did not knowingly agree to the setting of the 2-inch meter for domestic water service as the service was set based on the terms of the main extension agreement executed on January 11, 2007 by NEI (Complainant's company) and CVWS and duly approved by the Arizona Corporation Commission ("Commission") on February 20, 2007, which specifically sets forth Complainant's requested 2-inch meter service in Addendum A and Addendum B of

1 such agreement. **See** Exhibit 1, January 11, 2007 Main  
2 Extension Agreement between CVWS and Complainant.

3 2. The Company denies Complainant's allegation that the  
4 Complainant "told Mr. Bullard that when I sold Lot #1 I would  
5 install a meter for my building and Mr. Bullard agreed to do  
6 this" as Complainant's allegation is in direct opposition to  
7 the Commission-approved January 11, 2007 main extension  
8 agreement for the 2-inch meter service, resulting in the  
9 Company's inability to collect \$175.00 per month for that  
10 tariffed service.

11 3. Additionally, the Company denies that Complainant could  
12 remain a customer of CVWS by paying approximately \$5.00 per  
13 month for fire sprinkler service as his only service with the  
14 Company because CVWS' Commission tariff requires Complainant  
15 to have a primary water service line for fire sprinkler  
16 service. The Company alleges such primary water service line  
17 was satisfied by the 2-inch meter requested by Complainant  
18 under the main extension agreement and which Complainant  
19 requested be disconnected. **See** Exhibit 2, CVWS Fire Sprinkler  
20 Tariff.

21 4. The Company further denies that the Company agreed to allow  
22 NEI an infinite delay in the installation of the 2-inch water  
23 meter because such agreement would have made the Complainant a  
24 temporary customer for service under the Commission's rules  
25 and regulations; the Company denies that it submitted the main  
26 extension agreement for approval under any other Commission

1 rule other than A.A.C. R14-2-406, the main extension rule for  
2 permanent customers, whereby Complainant was deemed to be a  
3 permanent customer. **See** Exhibit 3, A.A.C. R14-2-406 and  
4 specifically, A.A.C. R14-2-406B.5.

5 5. While the Company is without sufficient knowledge to form an  
6 opinion as to the accuracy of the allegation set forth in the  
7 first part of Complainant's sentence number one regarding the  
8 "unauthorized employee" issue and therefore denies the same,  
9 the Company also denies that when CVWS gave the employee the  
10 service order, CVWS told such employee she was signing for two  
11 checks.

12 6. Pursuant to the January 11, 2007 approved main extension  
13 agreement, the Company admits delivering refund checks to NEI  
14 because the advance exceeded the cost of the project, but the  
15 Company denies that an NEI employee signed for the refund  
16 checks or that the Company gave a receipt for the refund  
17 checks.

18 7. The Company also denies Complainant's allegations that when  
19 the Company presented the service order, the Company stated or  
20 implied to the employee that she was signing a receipt for  
21 refund checks or that the service order was a receipt for the  
22 refund checks.

23 8. The Company admits that Complainant submitted paperwork  
24 attached to the formal complaint that appears to be a copy of  
25 the service order dated August 14, 2008, which the Company  
26 denies is a true and correct copy of the original service

1 order because it contains handwriting added by an unknown  
2 person after the Company left NEI's premises.

3 9. The Company admits that the Company visited NEI's office  
4 with the service order as a courtesy to advise NEI that NEI's  
5 engineer had released the as-built plans so the main extension  
6 agreement could be completed in full, including the meter  
7 setting as required in Addendum A to the main extension  
8 agreement.

9 10. CVWS is without sufficient knowledge to form an opinion as  
10 to the accuracy of the allegation regarding the date when NEI  
11 received its bill and therefore denies the same.

12 11. CVWS denies that the amount of the bill for the meter read  
13 on September 30, 2008 was \$196.01 for the 2-inch domestic  
14 meter; CVWS alleges that the amount of the bill was \$193.11;  
15 the Company alleges that if NEI paid the bill after October  
16 15, 2008, the amount to be paid was \$196.01.

17 12. CVWS admits that the monthly bill for NEI's fire protection  
18 service was approximately \$5.00 per month, which NEI had been  
19 paying for about 16 months while the Company was waiting for  
20 NEI's engineer to release the as-built plans so the Company  
21 could then set the 2-inch domestic water meter per the main  
22 extension agreement and begin billing for that service.

23 13. The Company is without sufficient knowledge to form an  
24 opinion as to the accuracy of the allegation regarding NEI's  
25 square footage and the location of its sprinkler system and  
26 therefore denies the same.

1 14. The Company is without sufficient knowledge to form an  
2 opinion as to the accuracy of the allegation regarding the  
3 number of NEI's employees and the amount and type of equipment  
4 NEI owns and therefore denies the same.

5 15. The Company is without sufficient knowledge to form an  
6 opinion as to the accuracy of the allegation regarding the  
7 size of NEI's parcel and therefore denies the same.

8 16. While the Company admits that NEI and the Company entered  
9 into two main extension agreements relating to the water  
10 distribution facilities including fire hydrants, the Company  
11 alleges that the Complainant is only referencing the January  
12 11, 2007 main extension agreement in his complaint.  
13 Therefore, the Company denies the allegation that NEI spent in  
14 the area of \$400,000 to install water lines. Additionally,  
15 the Company denies NEI's allegation that it spent in the area  
16 of \$400,000, even with the caveat of combining the two main  
17 extension agreements together.

18 17. CVWS admits that on or about October 2008, NEI/Sam Boyles  
19 received a monthly service bill for \$193.11 for a 2-inch  
20 domestic water meter referenced in its January 11, 2007 main  
21 line extension agreement.

22 18. CVWS admits that the Company had billed NEI \$5.00 per month  
23 for fire protection only and not for the 2-inch meter due to  
24 the Company's inability to set the 2-inch meter because  
25 Complainant would not direct his engineer to release the as-  
26

1 built plans, which impeded CVWS from completing the main  
2 extension and the meter setting.

3 19. The Company admits that when NEI's engineer released the  
4 as-built plans, pursuant to Commission rules and the main  
5 extension agreement, the Company set the meter per the terms  
6 of the main extension agreement dated January 11, 2007 between  
7 NEI and CVWS.

8 20. CVWS admits that James Bullard, Sr. is President of the  
9 Company, but the Company denies the water meter discussions  
10 that Complainant stated occurred between James Bullard, Sr.  
11 and Sam Boyles.

12 21. CVWS denies that Sam Boyles told Mr. James Bullard, Sr.  
13 that when he sold Lot# 1, Mr. Boyles would install a meter for  
14 his commercial building and CVWS denies that Mr. James  
15 Bullard, Sr. agreed to do this.

16 22. The Company is without sufficient information to form an  
17 opinion as to the accuracy of the allegations regarding  
18 whether Lot #1 is owned by Complainant's company, whether Lot  
19 #1 is located across the street from Complainant's building,  
20 whether Lot #1 has a well on it and whether Complainant is  
21 using that well for drinking and toilet water and therefore  
22 denies the same.

23 23. All allegations not specifically admitted in this Answer  
24 are hereby denied.

25 24. The Company hereby alleges its Affirmative Defenses as  
26 follows:

1 A. The main extension agreement dated January 11, 2007 between  
2 CVWS and Complainant's company clearly states in three  
3 separate paragraphs that CVWS will install two services in  
4 phase one of NEI's Commercial Park Development for a  
5 commercial business- one for domestic and the other for  
6 fire protection.

7 B. The main extension agreement differentiates between two  
8 scenarios addressed in the main extension agreement: to  
9 prepare for service of a "future commercial/industrial  
10 park" which Complainant has not yet built and to "serve a  
11 commercial business" which Complainant currently operates  
12 and which is the subject of this complaint and the fire  
13 sprinkler service. **See** Exhibit 1, Addendum A of January  
14 11, 2007 main extension agreement.

15 C. The Complainant purchased the 2-inch meter, the related  
16 parts for the meter and the Complainant paid the off-site  
17 hook-up fee as part of the January 11, 2007 main extension  
18 agreement for his commercial business. **See** Exhibit 1,  
19 Addendum B to January 11, 2007 Main Extension Agreement.

20 D. The Company and Complainant signed a second main extension  
21 agreement on July 3, 2007 for phase two of Complainant's  
22 future commercial/industrial park, which was approved by  
23 the Commission on September 26, 2007. **See** Exhibit 4, July  
24 3, 2007 Main Extension Agreement between CVWS and  
25 Complainant.  
26

1 E. In the second main extension agreement, Complainant  
2 specifically states in Addendum A that, "CVWS will not be  
3 setting meters for commercial businesses until the size of  
4 the meter is determined by the lot owner. Since the size  
5 of the meter is not known for each lot, CVWS will collect  
6 the actual meter cost and Off-Site Hook-up Fee Tariff at  
7 the time the lot owner request(s) service." See Exhibit  
8 4, July 3, 2007 CVWS and Complainant Main Line Extension  
9 agreement.

10 F. Unlike in the January 11, 2007 main extension agreement,  
11 which is the subject of the complaint, Complainant spelled  
12 out that he did not want the Company to set the meter until  
13 he sold the lots referenced in the July 3, 2007 main  
14 extension agreement.

15 G. In the January 11, 2007 agreement, Complainant did not  
16 state that he did not wish to set the 2-inch meter as he  
17 specifically so plainly asserted in his second main  
18 extension agreement with the Company. See Exhibit 1,  
19 Addendum A of January 11, 2007 main extension agreement and  
20 Exhibit 4, Addendum A of July 3, 2007 main extension  
21 agreement.

22 H. If Complainant cared to do the same with the January 11,  
23 2007 main extension agreement, Complainant would have  
24 established such information in writing in the main  
25 extension agreement in Addendum A: that Complainant would  
26



1           instruct the Company not to set the 2-inch meter until  
2           Complainant sold Lot #1.

3           I. Further evidence of Complainant's intent to set the 2-inch  
4           meter and commence service under the January 11, 2007  
5           agreement is in Addendum B, which lists the meter purchase  
6           and the Off-Site Hook-up Tariff fee as listed in the costs.  
7           It was not an oversight by Complainant.   **See** Exhibit 1,  
8           Addendum B.

9           J. Because Complainant's engineer refused to release the as-  
10          built plans for the project, who was within Complainant's  
11          authority and control, CVWS did not have the required as-  
12          built plans in order to carry out its inspection and then  
13          set the meter.

14          K. As a result of the Complainant's inaction on the as-builts,  
15          which was outside of the Company's control, the Company was  
16          not able to set the meter and could not bill the  
17          Complainant for the 2-inch domestic water service at the  
18          rate of \$175.00 per month plus taxes when CVWS began  
19          serving Complainant with fire sprinkler service.

20          L. The Company had no way of determining that Complainant's  
21          engineer would not release the as-built plans for  
22          approximately 16 months. The Company could not set the  
23          meter without the as-built plans, which were in the control  
24          of Complainant.

25          M. CVWS' tariff states that fire sprinkler service is "only  
26          applicable for service lines separate and distinct from the

1 primary water service line." See Exhibit 2, CVWS Fire  
2 Sprinkler Tariff.

3 N. Therefore, as noted in the tariff, Complainant is required  
4 to have a primary water service line to obtain fire  
5 sprinkler service from CVWS.

6 O. Complainant did not have a primary service with CVWS for  
7 approximately 16 months because the Company could not set a  
8 meter due to Complainant's refusal to release the as-built  
9 plans.

10 P. The Company further alleges that if NEI's engineer had  
11 released the as-built plans per normal procedure under the  
12 main extension agreement, then NEI would have been charged  
13 for domestic service beginning May 2007, because the  
14 Company would have been able to set the meter at that point  
15 for the 2-inch domestic service, the same time that the  
16 Company began billing Complainant for the fire sprinkler  
17 service.

18 Q. Therefore, the Company could not collect revenue of  
19 approximately \$2800.00 (16 months X \$175.00) and thus made  
20 the Complainant unjustly enriched because he received fire  
21 sprinkler service when he should have been ineligible to  
22 receive such service because he did not pay for a primary  
23 water service line.

24 R. The Company alleges that the Company presented the service  
25 order as a courtesy to NEI because the main extension  
26 agreement required the setting of the meter for the

1 provision of 2-inch domestic service as requested by NEI as  
2 soon as work was completed under the main extension  
3 agreement.

4 S. The Company alleges that the Company's service order dated  
5 August 14, 2008 is clear on its face that it is a service  
6 order and not a receipt of any shape or form. **See** Exhibit  
7 5.

8 T. The Company is not obligated to connect Complainant's fire  
9 sprinkler service without Complainant also having a primary  
10 water line.

11 U. The Company offered Complainant the option of downsizing  
12 his meter at his cost so his monthly bill would drop from  
13 \$175.00 plus taxes to \$23.75 plus taxes- a huge amount of  
14 savings- in a letter dated October 13, 2008, which was  
15 **before** Complainant filed both his informal and formal  
16 complaints. However, Complainant declined this offer. **See**  
17 Exhibit 6, CVWS letter to NEI dated October 13, 2008.

18 V. The Company asks that the Complainant be denied his relief  
19 sought which is for CVWS to connect his fire sprinkler  
20 service for approximately \$5.00 per month while he waits  
21 until he sells Lot #1 to place a meter in his commercial  
22 building.

23 W. Complainant's relief sought goes against the plain meaning  
24 of the January 11, 2007 main extension agreement, which  
25 clearly mandates the setting of the 2-inch meter for the  
26 commercial building in which Complainant operates. When

1 read in concert with the July 3, 2007 main extension  
2 agreement, where Complainant specifically states that he  
3 does not want meters set until he sells his lots, it is  
4 clear that Complainant intended for the 2-inch meter to be  
5 set or he also would have included language to exclude the  
6 setting of the 2-inch meter as well in the January 11, 2007  
7 main extension agreement.

8 x. Additionally, the CVWS fire sprinkler tariff requires  
9 Complainant to have a primary water service line.

10 y. Complainant also fails to state a claim upon which relief  
11 can be granted against the Company.

12 z. The Company hereby incorporates all affirmative defenses as  
13 set forth in Rules 8(c) and 12(b) Ariz. R. Civ.P., as  
14 discovery may show to be applicable.

15  
16 **RESOLUTION:**

17 In order to resolve these issues, CVWS requests that pursuant to the  
18 January 11, 2007 main extension agreement and Commission rules and  
19 regulations, Complainant be ordered to connect to CVWS as a customer  
20 at the \$23.75 tariffed rate for his primary water service line and pay  
21 for the downsizing of his meter (if Complainant deems the downsizing  
22 warranted) in addition to paying his fire sprinkler tariffed rate, be  
23 ordered to pay the delinquent amount of \$394.96 for the September and  
24 October, 2008 bills for the 2-inch meter service or remain  
25 disconnected until Complainant wishes to connect to CVWS under the  
26 above terms.

1 The Company also respectfully requests that the Commission  
2 disregard all allegations set forth in the Complaint in its entirety  
3 and deny all relief sought therein in addition to any other remedy the  
4 Commission deems necessary.

5 RESPECTFULLY submitted this 3rd day of September, 2009.

7 **LAW OFFICE OF KAREN E. NALLY, PLLC**

9 By: Karen E. Nally  
10 Karen E. Nally  
11 3420 E. Shea Blvd., Suite 200  
12 Phoenix, Arizona 85028  
13 Attorney for Camp Verde Water System, Inc.

14 The original and thirteen copies  
15 of the foregoing were filed  
16 this 3rd day of September, 2009:

17 Docket Control  
18 Arizona Corporation Commission  
19 1200 W. Washington St.  
20 Phoenix, Arizona 85007

21 A copy of the foregoing was mailed  
22 this 3rd day of September, 2009 to:

23 Sam Boyles  
24 Northeast Industries  
25 1581 Boyles Way  
26 Camp Verde, Arizona 86322

Karen E. Nally

# **EXHIBIT 1**

**COMMISSIONERS**  
JEFF HATCH-MILLER - Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
GARY PIERCE



BRIAN C. McNEIL  
Executive Director

**ARIZONA CORPORATION COMMISSION**

February 20, 2007

Mr. Stanley Bullard  
Camp Verde Water System  
Post Office Box 340  
Camp Verde, Arizona 86322

Dear Mr. Bullard:

The enclosed Main Extension Agreement between Camp Verde Water System and Northeast Industries Commerce Park Subdivision has met the provisions of A.A.C. R14-7-406 or company approved tariffs, and is approved, excepting those provisions, if any, not within the jurisdiction of the Arizona Corporation Commission.

A copy of this agreement will remain on file in the Utilities Division.

Sincerely,

*Bradley G. Morton*

Bradley G. Morton  
Public Utility Consumer Service Analyst II  
Utilities Division

BCM:tdp

Enclosures

CAMP VERDE WATER SYSTEM  
AGREEMENT RELATING TO EXTENSION  
OF WATER DISTRIBUTION FACILITIES

REFUNDABLE ADVANCE	\$ 147,536.50
NON-REFUNDABLE TARIFF CHARGE	\$ 18,460.00
TOTAL	\$ 165,999.50

THIS AGREEMENT is entered into on this day 10th of January, 2007, by and between, CAMP VERDE WATER SYSTEM, P.O. BOX 340, Camp Verde, Arizona 86322 - 499 South Sixth Street, hereinafter called "Water System" and Northeast Industries International, Inc. 1581 Boyles Way, P.O. Box 1884, Camp Verde, AZ 86322 hereinafter called the "Customer".

Camp Verde Water System is a public utility duly certificated to provide water services in portions of Yavapai County, Arizona. Northeast Industries International, Inc, is an Arizona Corporation, who is the owner, developing the Northeast Industries Commercial Park, located in a portion of the NW ¼, of the SE ¼, of Section 5, T.13N, R05E., Gila and Salt River Meridian, Town of Camp Verde, Yavapai County, Arizona.

1. The Customer hereby agrees to fund the Water System's distribution facilities as described in Addendum B attached hereto and incorporated herein upon the signing of this Agreement in the amount of \$165,999.50 receipt of which is hereby acknowledged by the Water System.

(A) \$147,536.50 of the funds advanced shall be treated as a refundable advance in aid of construction for main and distribution facilities as described in Addendum A attached hereto and incorporated herein by reference. Based upon the cost estimate set forth in Addendum B and Site Utility Plan Addendum C attached hereto and incorporated herein by reference.

(B) \$18,460.00 of the funds advanced shall be treated as a non-refundable tariff charge as follows: \$15,000.00 for six fire hydrants including installation; \$3,460.00 for the Off-site Facilities Hook-up Fee for one 2" Meter.

(C) The amount advanced in aid of construction is approximate. In the event the amounts advanced exceed the cost of the project as described in Addendum A and B, the Water System shall refund the difference to Customer. In the event that costs exceed the amounts advanced, the Customer will pay the Water System the difference within 30 days of notification of cost. The cost of the project will be determined within sixty days (60) of the completion of the extension at which time notification will be sent to Customer with a copy of invoices.

2. Refunds on monies advanced by Customer shall be made as follows: Each year for a period of 10 years the Water System shall pay to the Customer an amount equal to ten percent (10%) of the total gross annual revenue, less sales tax, franchise fee, and any other taxes the Water System receives from water sales to bona fide consumers who's



service line is directly connected to pipelines funded and installed pursuant to this Agreement. Refunds shall be made by the Water System on or before 31st day of August of each year for revenues received during the preceding 1st of July through 30th of June period. The starting month for refunds will be the month after Arizona Corporation Commission approves this Line Extension Agreement. Any balance remaining un-refunded at the end of the 10-year time period shall become non-refundable and the Water System's obligation to refund to the Customer shall cease. The aggregate refund shall in no event exceed the total of the refundable advance received from the Customer. No interest shall accrue or be paid by the Water System on any amounts advanced. The System may, upon approval by the Arizona Corporation Commission, terminate its obligation to refund a percentage of gross revenues by accord and satisfaction of its obligations under this agreement with the Customer.

3. All pipelines, valves, fittings, wells, meters, tanks, buildings or other facilities installed under this Agreement shall be the sole property of the Water System, and the person making refundable advances and/or non-refundable contributions in aid of construction pursuant to the terms of this Agreement shall have no right, title, or interest in any such facilities.

4. The size, design, type and quality of materials and of the system, location in the ground and the manner of installation, shall be specified by the Water System and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein. All utilities adjacent to the water facilities will have a horizontal separation of three foot (3').

5. The Customer agrees to furnish to the Water System recordable easements and required surveying, over, under, and across all portions of the pipeline route as may be necessary to serve each parcel or lot within the Customer's new subdivision, tract development, or project. The Water System may allow the Customer to hire an engineer and furnish Plans and Drawings according to CVWS Specifications when approved by an appropriate Official of the Water System and authorized in writing and signed on the plans. If the customers Plans are used, the Customers Engineer will also provide as-built plans. The Customers engineer will provide water line staking with the elevation of finished ground level every fifty feet and at each service, appurtenance and fire hydrant location for proper depth of waterline and location of services and appurtenance. The Engineer will update the Water System's distribution maps on mylars with this information.

6. The Customer agrees that all easement and rights-of-way that are used by the Water System shall be free and will remain free of obstacles, which may interfere with the Water System's water facilities, operation and construction. All CVWS appurtenances will be accessible outside the Customer's fenced area. If the Customer's subdivision, tract, development or project involves road construction, all roads and drainage ways will be brought to grade by the Customer prior to the commencement of the installation of the Water System's water facilities. No pavement or curbs shall be installed prior to completion of all water facilities. If any streets, roads, alleys or drainage ways are installed at a different grade or location after the beginning of the installation of water facilities, the Customer shall bear all costs incurred by the Water System, which shall be non-refundable, to relocate water facilities as a result of said facilities having improper cover or

location. The Water System facilities shall be the first utility facilities installed, unless a written approval has been agreed upon by the Water System. If other facilities are installed before the water facilities, the customer will bear the cost, if any, associated with the additional work required on a non-refundable basis.

7. Backflow Prevention Assemblies are required on all commercial, industrial, non-residential, temporary construction and fire protection services. All backflow prevention assemblies will be a Reduced Pressure Principle Backflow Prevention Assembly (RP), except Fire Protection Services, which will be at least a Double Check-Detector Backflow Prevention Assembly (DCDA). The Backflow Prevention Assemblies will be installed within 18" of the service connection and in accordance to CVWS Specifications. The customer will own these Assemblies and it is the customer's responsibility to maintain and test the assemblies annually.

8. The Customer agrees to advance to the Water System any additional costs, including taxes incurred, costs incurred as a result of design changes made or caused by the Customer or it's agent, the Arizona Department of Environmental Quality, The Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or unanticipated changes in existing Water System facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.

9. This Agreement shall be binding upon and for the benefit of the heirs, administrators, executors, successors and assigns of the Water System and the Customer provided, however, that an assignment or other transfer of this Agreement by the Customer shall not be binding upon the Water System or create any rights in the assignee until such assignment or other transfer is approved and accepted in writing by the Water System.

10. Before this Agreement shall become effective and binding upon either the Water System or the Customer, it shall be filed with and approved by the Utilities Division of the Arizona Corporation Commission, and in the event it is not so approved, this Agreement shall be null and void of no force or effect whatsoever.

11. This Agreement, and all rights and obligations hereunder, including those regarding water services to the Customer, shall be subject to the Arizona Corporation Commission's Rules and Regulations relating to the Operation of Domestic Water Utility Companies.

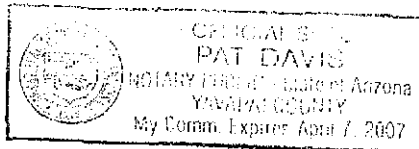
12. Customer agrees not to sell water received from the Company for retail purposes.

CAMP VERDE WATER SYSTEM, Inc

BY Stanley Bullard

TITLE: Vice President

(SEAL)  
ATTEST  
STATE OF ARIZONA)  
YAVAPAI COUNTY)



This instrument was acknowledged before me this 11  
day of JUN <sup>7</sup> 200~~6~~, by Stanley Bullard

My Commission Expires: APRIL 7, 2007

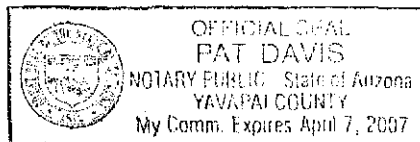
Pat Davis  
NOTARY PUBLIC

Northeast Industries International, Inc

BY Sam Boyles

NAME: Sam Boyles  
TITLE: President

(SEAL)  
ATTEST  
STATE OF ARIZONA)  
YAVAPAI COUNTY)



This instrument was acknowledged before me this 11  
day of JUN <sup>7</sup> 200~~6~~, by Sam Boyles

My Commission Expires: APRIL

Pat Davis  
NOTARY PUBLIC

Date Approved: 2-20-07

Decision No.: \_\_\_\_\_

Director of Utilities

Arizona Corporation Commission

By: Bradley H. Morton

ADDENDUM A  
Northeast Industries Commercial Park

The Camp Verde Water System, Inc. ("CVWS") will be installing six Fire Hydrants and two services in phase one of the Northeast Industries Commercial Park development, located in a portion of the NW ¼, of the SE ¼, of Section 5, T.13N, R05E., Gila and Salt River Meridian, Town of Camp Verde, Yavapai County, Arizona.

CVWS will be extending the eight inch (8") main paralleling Highway 260 starting at Quarterhorse Lane approximately twenty-six hundred sixty five feet (2665') to provide service to the Fire Hydrants, and prepare for service of a future commercial/ industrial park and serve a commercial business.

CVWS will be setting two services for a commercial business, one for domestic and the other for fire protection. The future commercial park will be served by extending this main into the park to provide domestic and fire protection.

# NORTHEAST INDUSTRIES PART 1

## PART NAME

12/20/2006

Prices good on pipe until 12/29/06

18X.25 WELL CASING	65	32.61	2119.65
8" CL350 DIP	2664	11.22	29890.08
8"X2" Tapping Sleeve	3	97.59	292.77
8" MJXFL Valve	1	589.78	589.78
8" X 4" MJ X FL Tee	1	112.80	112.80
8" X 8" MJ X FL Tee	1	139.20	139.20
8" X 6" MJ X FL Tee	7	100.16	701.12
8" MJ Valve muller	8	601.24	4809.92
8"X2" MJ Tap Cap	2	35.77	71.54
8" Full Face Gasket 1/16"(1/8)	1	2.36	2.36
8" Accessory Set w/4" bolts	69	9.91	683.79
8" X 1" Tap Saddle (DIP)	3	85.15	255.45
8" field locks gaskets	30	58.72	1761.60
8" casing spacers	7	86.21	603.47
8" MEGALUGS	16	25.40	406.40
8" MJ 22.5	1	56.50	56.50
8" MJ 45	10	48.90	489.00
6" DIP	70	8.99	629.30
6" FL GASKET	7	2.50	17.50
6" Bolt pack	7	5.38	37.66
6" MJXFL VALVE	7	377.46	2642.22
6" ACCESSORY PACKS	14	5.68	79.52
6" MEGALUGS	14	16.50	231.00
4" DIP	50	9.37	468.50
4" FL GSKT	1	2.27	2.27
4" FIELD LOCK GASKET	2	30.81	61.62
4" CAD PLTD Bolt w/nut	1	3.62	3.62
4" MJ ACC PK	2	7.07	14.14
4" MJXFL VALVES	1	282.42	282.42
4" X2" TAP Cap	1	16.33	16.33
2" CTS POLY PIPE	80	1.36	108.80
2"X 8" NIPPLE (Brass)	1	16.46	16.46
2" FIP F/P BALL VLV TFP600	2	30.42	60.84
2" BRASS CAP	2	9.00	18.00
2" BRASS PLUG	3	5.57	16.71
2" CTS Corp Stop	3	111.94	335.82
2" CTS Male Adapter	6	33.64	201.84
2" CTS SS Inserts	10	1.53	15.30
2"X3/4 GALV BUSHING	1	8.02	8.02
2" Angle Meter Valve w/ lock wing	1	126.45	126.45
2" Brass Meter Flange	1	26.86	26.86
2" METER GASKETS	2	2.23	4.46
2" METER BOLT PACK	1	2.08	2.08
1" IPS SS INSERT	6	1.73	10.38
1" IPS POLY PIPE actual 60'	100	0.41	41.00
1" IPS Male Adapter	3	14.97	44.91
1" Ball Valve	3	9.26	27.78
1" X 4" BRASS Nipple	3	4.03	12.09

1" Air Release Valve	3	63.15	189.45
3/4" IPS MALE ADAPTR	1	13.11	13.11
3/4" IPS POLY PIPE	6	0.25	1.50
3/4" SS INSERTS	2	1.18	2.36
3/4" BALL VALVE	1	3.97	3.97
1/2" GAL 90 BEND	3	0.41	1.23
1/2" GAL STREET 90 BEND	3	1.89	5.67
1/2"X 2" GAL NIPPLE	3	3.40	10.20
FIRE HYDRANT 4.50 BURY	6	1246.72	7480.32
BID ONLY- DO NOT ORDER			
#1 METER BOX LOWER	4	11.05	44.20
#1 METER BOX UPPER	4	11.05	44.20
#1 METER BOX LID	4	12.82	51.28
#2 METER BOX LOWER	3	21.93	65.79
#2 METER BOX UPPER	3	21.93	65.79
#2 METER BOX LID	3	30.61	91.83
#4 METER BOX LOWER	1	31.05	31.05
#4 METER BOX LID	1	57.67	57.67
VALVE BOX BOTTOM	17	32.99	560.83
VALVE BOX TOP	17	27.38	465.46
VALVE BOX LID	17	10.40	176.80
VALVE SIGN	17	33.18	564.06
VALVE SIGN DECAL	17	0.00	0.00
POLY SLEEVING 2780	3060	30.85	857.63
HARD HAT MUD PLUGS	17	5.65	96.05
MARKING TAPE NEED 3000'	3	10.66	31.98
TRACE WIRE NEED 3000'	5	64.33	321.64
DUCT TAPE	25	4.89	122.25
POLY SLEEVING FOR DIP 2780'	7	21.20	148.40
LOCKS	1	7.50	7.50
HARDWARE CLOTH 52 SQ FT	5	29.98	149.90
CHLORINE 5#	5	5.98	29.90
2" METER	1	603.32	603.32
ANTENNA ASSE 6" CABLE	1	23.53	23.53
			60868.20
LABOR			
ROAD BORE			19245.00
SHORING			5000.00
LINE INSTALLATION			62650.00
LABOR TOTAL			86895.00
OFF-SITE HOOK-UP FEES	1	3460	3460.00
MATERIALS TOTAL			60868.20
LABOR TOTAL			86895.00
TOTAL			147763.20
INSPECTION FEES			14776.30
OFF-SITE HOOK-UP FEES			3460.00
TOTAL OVERALL			165999.50

ADDENDUM B

Sam Boyles c/o Rob Witt, Agent

December 20, 2006

ESTIMATION FOR LINE EXTENTIONS

Northeast Industries Commercial Park

NAME	QUANTITY	PRICE	EXTENSION
Materials & Labor Installation	1		147,763.20
Engineering & Survey			
Inspection & Overhead	1		14,776.30
Total Material, Labor, & overhead			162,539.50
Off-site Hook-up Fee	1- 2" meter		3,460.00
Total Advance			165,999.50
Non-Refundable Expenses			
Fire Hydrant labor cost			15,000.00
Off-site Hook-up Fees			3,460.00
Total			18,460.00
Total Non-Refundable Expenses			18,460.00
Total Refundable Expenses			147,536.50

# **EXHIBIT 2**



# TARIFF SCHEDULE

Utility: CAMP VERDE WATER SYSTEM  
 Docket No. U-1419-85-039

Tariff Sheet No. 1  
 Decision No. 54965  
 Effective: April 23, 1986

## ORIGINAL

### RATES AND CHARGES

\*Decision No. 59015  
 Effective: March 16, 1995

Customer/Minimum Charge/Month:

Residential

Customer/Minimum Charge/Month:

Commercial, Industrial, Irrigation

	<u>Charge</u>		<u>Gallons</u>
5/8 x 3/4"	\$ 15.75	For	<u>NO WATER</u>
3/4"	\$ 15.75	For	<u>NO WATER</u>
1"	\$ 20.75	For	<u>NO WATER</u>
1 1/2"	\$ 25.75	For	<u>NO WATER</u>
2"	\$ 30.75	For	<u>NO WATER</u>
3"	\$	For	
4" COMPOUND	\$ 40.75	For	<u>NO WATER</u>
5"	\$	For	
6" COMPOUND	\$ 50.75	For	<u>NO WATER</u>

	<u>Charge</u>		<u>Gallons</u>
5/8 x 3/4"	\$	For	
3/4"	\$	For	
1"	\$	For	
1 1/2"	\$	For	
2"	\$	For	
3"	\$	For	
4"	\$	For	
5"	\$	For	
6"	\$	For	

Commodity Charge (Excess of Minimum):

\$ 3.00 Per 1,000 Gallons

Commodity Charge (Excess of Minimum):

\$ Per Gallons

Flat Rate \$ Per Month

Flat Rate \$ Per Month

#### OTHER RATES AND CHARGES APPROVED BY ORDER:

Hydrants.....\$15.00

Asphalt Cut and Patch.....\$ 3.50 per square foot (per  
 Decision # 55088 effective  
 August 1, 1986)

#### \*Fire Sprinkler Tariff

1% of the monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

APPROVED FOR FILING  
 DECISION #: 59015

# **EXHIBIT 3**

5. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his expense all piping necessary for relocating the meter and the utility may make a charge for moving the meter and/or service line.
  6. The customer's lines or piping must be installed in such a manner as to prevent cross-connection or backflow.
  7. Each utility shall file a tariff for service and meter installations for Commission review and approval.
- C. Easements and rights-of-way
1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
  2. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

**Historical Note**

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (B) effective September 28, 1982 (Supp. 82-5).

**R14-2-406. Main extension agreements**

- A. Each utility entering into a main extension agreement shall comply with the provisions of this rule which specifically defines the conditions governing main extensions.
- B. An applicant for the extension of mains may be required to pay to the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains, including all valves and fittings.
  1. In the event that additional facilities are required to provide pressure, storage or water supply, exclusively for the new service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future consumers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.
  2. Upon request by a potential applicant for a main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 45 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts utility construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.

3. Where the utility requires an applicant to advance funds for a main extension, the utility shall furnish the applicant with a copy of the Commission rules on main extension agreements prior to the applicant's acceptance of the utility's extension agreement.
  4. In the event the utility's actual cost of construction is less than the amount advanced by the customer, the utility shall make a refund to the applicant within 30 days after the completion of the construction or utility's receipt of invoices related to that construction.
  5. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.
- C. Minimum written agreement requirements
1. Each main extension agreement shall include the following information:
    - a. Name and address of applicant(s)
    - b. Proposed service address
    - c. Description of requested service
    - d. Description and map of the requested line extension
    - e. Itemized cost estimate to include materials, labor, and other costs as necessary
    - f. Payment terms
    - g. A clear and concise explanation of any refunding provisions, if applicable
    - h. Utility's estimated start date and completion date for construction of the main extension
  2. Each applicant shall be provided with a copy of the written main extension agreement.
- D. Refunds of advances made pursuant to this rule shall be made in accord with the following method: the Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment or succession, a minimum amount equal to 10% of the total gross annual revenue from water sales to each bona fide consumer whose service line is connected to main lines covered by the main extension agreement, for a period of not less than 10 years. Refunds shall be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period. A balance remaining at the end of the ten-year period set out shall become non-refundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company, however, agreements under this general order may provide that any balance of the amount advanced thereunder remaining at the end of the 10 year period set out, shall thereafter remain payable in whole or in part and in such manner as is set forth in the agreement. The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the utility on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.
- E. Amounts advanced in aid of construction of main extensions shall be refunded in accord with the rules of this Commission in force and effect on the date the agreement therefor was executed. All costs under main extension agreements entered into after the adoption of this rule shall be refunded as provided herein.
- F. The Commission will not approve the transfer of any Certificate of Public Convenience and Necessity where the transferor

## Corporation Commission – Fixed Utilities

has entered into a main extension agreement, unless it is demonstrated to the Commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligations under such agreement.

- G. All agreements entered into under this rule shall be evidenced by a written statement, and signed by the Company and the parties advancing the funds for advances in aid under this rule or the duly authorized agents of each.
- H. The size, design, type and quality of materials of the system, installed under this rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:
  - 1. 150 p.s.i. working pressure rating and
  - 2. 6" standard diameter.
 However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the 6-inch diameter main extension.
- I. All pipelines, valves, fittings, wells, tanks or other facilities installed under this rule shall be the sole property of the Company, and parties making advances in aid of construction under this rule shall have no right, title or interest in any such facilities.
- J. The Company shall schedule all new requests for main extension agreements, and for service under main extension agreements, promptly and in the order received.
- K. An applicant for service seeking to enter into a main extension agreement may request that the utility include on a list of contractors from whom bids will be solicited, the name(s) of any bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the utility. If a lower bid is thus obtained or if a bid is obtained at an equal price and with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid. Performance bond in the total amount of the contract may be required by the utility from the contractor prior to construction.
- L. Any discounts obtained by the utility from contracts terminated under this rule shall be accounted for by credits to the appropriate account dominated as Contributions in Aid of Construction.
- M. All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

**Historical Note**

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (D) and (K) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

**R14-2-407. Provision of service**

- A. *Utility responsibility.* Each utility shall be responsible for providing potable water to the customer's point of delivery.
- B. *Customer responsibility*
  - 1. Each customer shall be responsible for maintaining all facilities on the customer's side of the point of delivery in a safe and efficient manner and in accordance with the rules of the state Department of Health.
  - 2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying water to that customer.
  - 3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
  - 4. Each customer shall be responsible for payment for any equipment damage resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
  - 5. Each customer shall be responsible for notifying the utility of any failure identified in the utility's equipment.
  - 6. Water furnished by the utility shall be used only on the customer's premises and shall not be resold to any other person. During critical water conditions, as determined by the Commission, the customer shall use water only for those purposes specified by the Commission. Disregard for this rule shall be sufficient cause for refusal or discontinuance of service.
- C. *Continuity of service.* Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:
  - 1. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure
  - 2. Intentional service interruptions to make repairs or perform routine maintenance
  - 3. Curtailment.
- D. *Service interruptions*
  - 1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
  - 2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
  - 3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
  - 4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.

# **EXHIBIT 4**

**COMMISSIONERS**  
MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE



BRIAN C. McNEIL  
Executive Director

**ARIZONA CORPORATION COMMISSION**

September 26, 2007

Mr. Stanley Bullard  
Camp Verde Water System  
Post Office Box 340  
Camp Verde, Arizona 86322

Dear Mr. Bullard:

The enclosed Main Extension Agreement between Camp Verde Water System, Inc. and Northeast Industries Commerce Park has met the provisions of A.A.C. R14-2-406, or company approved tariffs, and is approved, excepting those provisions, if any, not within the jurisdiction of the Arizona Corporation Commission.

A copy of this agreement will remain on file in the Utilities Division's Central Files.

Sincerely,

*Bradley G. Morton*

Bradley G. Morton  
Public Utility Consumer Service Analyst II  
Utilities Division

BGM:tdp

Enclosures

**CAMP VERDE WATER SYSTEM  
AGREEMENT RELATING TO EXTENSION  
OF WATER DISTRIBUTION FACILITIES**

REFUNDABLE ADVANCE	\$ 100,388.34
NON-REFUNDABLE TARIFF CHARGE	\$ 15,000.00
<b>TOTAL</b>	<b>\$ 115,388.34</b>

THIS AGREEMENT is entered into on this day 6th of May, 2007, by and between, CAMP VERDE WATER SYSTEM, P.O. BOX 340, Camp Verde, Arizona 86322 - 499 South Sixth Street, hereinafter called "Water System" and Northeast Industries International, Inc. 1581 Boyles Way, P.O. Box 1884, Camp Verde, AZ 86322 hereinafter called the "Customer".

Camp Verde Water System is a public utility duly certificated to provide water services in portions of Yavapai County, Arizona. Northeast Industries International, Inc. is an Arizona Corporation, who is the owner, developing the Northeast Industries Commercial Park, located in a portion of the NW ¼, of the SE ¼, of Section 5, T.13N, R05E, Gila and Salt River Meridian, Town of Camp Verde, Yavapai County, Arizona.

1. The Customer hereby agrees to fund the Water System's distribution facilities as described in Addendum B attached hereto and incorporated herein upon the signing of this Agreement in the amount of \$115,388.34 receipt of which is hereby acknowledged by the Water System.

(A) \$100,388.34 of the funds advanced shall be treated as a refundable advance in aid of construction for main and distribution facilities as described in Addendum A attached hereto and incorporated herein by reference. Based upon the cost estimate set forth in Addendum B and Site Utility Plan Addendum C attached hereto and incorporated herein by reference. Since the size of meter will not be determined until the commercial buildings are designed, the actual cost of the meters will be collected at the first request for service for each lot. This cost will be added to the refundable amount of this agreement.

(B) \$15,000.00 of the funds advanced shall be treated as a non-refundable tariff charge as follows: \$15,000.00 for five fire hydrants including installation. The Off-site Facilities Hook-up Fee Tariff will be collected at the time the first request for service for each lot is made, based on the size of the meter. This is a commercial development and the size of service is not known until the owner designs the building.

(C) The amount advanced in aid of construction is approximate. In the event the amounts advanced exceed the cost of the project as described in Addendum A and B, the Water System shall refund the difference to Customer. In the event that costs exceed the amounts advanced, the Customer will pay the Water System the difference within 30 days of notification of cost. The cost of the project will be determined within sixty days (60) of the completion of the extension at which time notification will be

sent to Customer with a copy of invoices.

2. Refunds on monies advanced by Customer shall be made as follows: Each year for a period of 10 years the Water System shall pay to the Customer an amount equal to ten percent (10%) of the total gross annual revenue, less sales tax, franchise fee, and any other taxes the Water System receives from water sales to bona fide consumers who's service line is directly connected to pipelines funded and installed pursuant to this Agreement. Refunds shall be made by the Water System on or before 31st day of August of each year for revenues received during the preceding 1st of July through 30th of June period. The starting month for refunds will be the month after Arizona Corporation Commission approves this Line Extension Agreement. Any balance remaining un-refunded at the end of the 10-year time period shall become non-refundable and the Water System's obligation to refund to the Customer shall cease. The aggregate refund shall in no event exceed the total of the refundable advance received from the Customer. No interest shall accrue or be paid by the Water System on any amounts advanced. The System may, upon approval by the Arizona Corporation Commission, terminate its obligation to refund a percentage of gross revenues by accord and satisfaction of its obligations under this agreement with the Customer.

3. All pipelines, valves, fittings, wells, meters, tanks, buildings or other facilities installed under this Agreement shall be the sole property of the Water System, and the person making refundable advances and/or non-refundable contributions in aid of construction pursuant to the terms of this Agreement shall have no right, title, or interest in any such facilities.

4. The size, design, type and quality of materials and of the system, location in the ground and the manner of installation, shall be specified by the Water System and shall comply with requirements of the Arizona Corporation Commission or other public agencies having authority therein. All utilities adjacent to the water facilities will have a horizontal separation of three foot (3').

5. The Customer agrees to furnish to the Water System recordable easements and required surveying, over, under, and across all portions of the pipeline route as may be necessary to serve each parcel or lot within the Customer's new subdivision, tract development, or project. The Water System may allow the Customer to hire an engineer and furnish Plans and Drawings according to CVWS Specifications when approved by an appropriate Official of the Water System and authorized in writing and signed on the plans. If the customers Plans are used, the Customers Engineer will also provide as-built plans. The Customers engineer will provide water line staking with the elevation of finished ground level every fifty feet and at each service, appurtenance and fire hydrant location for proper depth of waterline and location of services and appurtenance. The Engineer will update the Water System's distribution maps on mylars with this information. The Customer is responsible for providing a Construction Engineer for inspection of the installation and completion of the Engineers Report of Completion. The Construction Engineer will be responsible for submission of all reports needed to obtain the Approval of Construction when the project is completed. In the event the Customer has not hired a Construction Engineer prior to the start of construction, the Water System will secure a Construction Engineer and collect the engineer's fees from the Customer prior to construction beginning.



6. The Customer agrees that all easement and rights-of-way that are used by the Water System shall be free and will remain free of obstacles, which may interfere with the Water System's water facilities, operation and construction. All CVWS appurtenances will be accessible outside the Customer's fenced area. If the Customer's subdivision, tract, development or project involves road construction, all roads and drainage ways will be brought to grade by the Customer prior to the commencement of the installation of the Water System's water facilities. No pavement or curbs shall be installed prior to completion of all water facilities. If any streets, roads, alleys or drainage ways are installed at a different grade or location after the beginning of the installation of water facilities, the Customer shall bear all costs incurred by the Water System, which shall be non-refundable, to relocate water facilities as a result of said facilities having improper cover or location. The Water System facilities shall be the first utility facilities installed, unless a written approval has been agreed upon by the Water System. If other facilities are installed before the water facilities, the customer will bear the cost, if any, associated with the additional work required on a non-refundable basis.

7. Backflow Prevention Assemblies are required on all commercial, industrial, non-residential, temporary construction and fire protection services. All backflow prevention assemblies will be a Reduced Pressure Principle Backflow Prevention Assembly (RP), except Fire Protection Services, which will be at least a Double Check-Detector Backflow Prevention Assembly (DCDA). The Backflow Prevention Assemblies will be installed within 18" of the service connection and in accordance to CVWS Specifications. The customer will own these Assemblies and it is the customer's responsibility to maintain and test the assemblies annually.

8. The Customer agrees to advance to the Water System any additional costs, including taxes incurred, costs incurred as a result of design changes made or caused by the Customer or it's agent, the Arizona Department of Environmental Quality, The Arizona Corporation Commission, any county health department or other public agency under whose jurisdiction the subject construction may fall, or anticipated or unanticipated changes in existing Water System facilities, due to any work associated with this subdivision, tract, development or project which causes said facilities to have improper cover or location.

9. This Agreement shall be binding upon and for the benefit of the heirs, administrators, executors, successors and assigns of the Water System and the Customer provided, however, that an assignment or other transfer of this Agreement by the Customer shall not be binding upon the Water System or create any rights in the assignee until such assignment or other transfer is approved and accepted in writing by the Water System.

10. Before this Agreement shall become effective and binding upon either the Water System or the Customer, it shall be filed with and approved by the Utilities Division of the Arizona Corporation Commission, and in the event it is not so approved, this Agreement shall be null and void of no force or effect whatsoever.

11. This Agreement, and all rights and obligations hereunder, including those regarding

water services to the Customer, shall be subject to the Arizona Corporation Commission's Rules and Regulations relating to the Operation of Domestic Water Utility Companies.

12. Customer agrees not to sell water received from the Company for retail purposes.

CAMP VERDE WATER SYSTEM, Inc.

BY Stanley Bullard

TITLE: Vice President

(SEAL)

ATTEST

STATE OF ARIZONA)

YAVAPAI COUNTY)

Date Approved: 9-26-07

Decision No.: \_\_\_\_\_

Director of Utilities

Arizona Corporation Commission

By: Brendley S. Morton

This instrument was acknowledged before me this 3

day of July 2007, by Stanley Bullard

My Commission Expires: 11/21/08

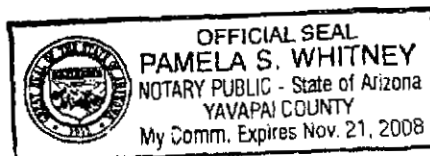
Pamela S. Whitney  
NOTARY PUBLIC

Northeast Industries International, Inc.

BY Sam Boyles

NAME: Sam Boyles

TITLE: President



(SEAL)

ATTEST

STATE OF ARIZONA)

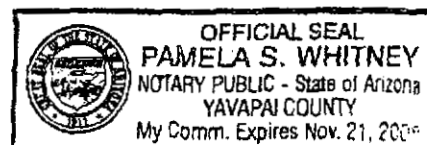
YAVAPAI COUNTY)

This instrument was acknowledged before me this 3

day of July 2007, by Sam Boyles

My Commission Expires: 11/21/08

Pamela S. Whitney  
NOTARY PUBLIC



ADDENDUM A  
Northeast Industries Commercial Park

The Camp Verde Water System, Inc. ("CVWS") will be installing five Fire Hydrants in phase two of the Northeast Industries Commercial Park development, located in a portion of the NW ¼, of the SE ¼, of Section 5, T.13N, R05E, Gila and Salt River Meridian, Town of Camp Verde, Yavapai County, Arizona.

CVWS will be extending the eight inch (8") main 125 feet and installing twenty-two hundred ten feet (2,210) of six (6) inch main looped through the commercial park. This main will provide domestic service and fire suppression service, along with service to the Fire Hydrants.

CVWS will not be setting meters for commercial businesses until the size of meter is determined by the lot owner. Since the size of meter is not known for each lot, CVWS will collect the actual meter cost and Off-Site Hook-Up Fee Tariff at the time the lot owner request service.

## ADDENDUM B

### NORTHEASTER INDUSTRIES PART 2

PART NAME

HD Supply

4/11/2007 Qty Cost Ext

8" CL350 DIP	125	12.34	1542.50
8" X 6" MJ X FL Tee	1	198.86	198.86
8"x6" MJ reducer	1	72.00	72.00
8" Accessory Set w/4" bolts	4	24.00	96.00
6 " DIP	2210	9.24	20420.40
6 " MJ VALVE	5	384.71	1923.55
6 " MJ XFL VALVE	5	376.38	1881.90
6" MJXFL Tee	5	138.29	691.45
6" MJ 45	2	67.20	134.40
6" MJ 22.50	2	69.00	138.00
6" MJ 11.25	3	66.00	198.00
6" MEGALUGS	15	18.34	275.10
5" X 1" 2str sadd	1	75.69	75.69
5" X 2"IP 2str sadd	27	104.58	2823.66
5" ACCESSORY PACKS	40	21.12	844.80
5" Full Face CL Ins Gask	6	2.04	12.24
5" CAD PLTD Bolt w/nut	6	8.26	49.56
5" FIELD LOCK GASKET	6	25.81	154.86
4.50 BURY FIRE HYDRANT don't order	5	1348.20	6741.00
4" PVC PIPE SDR 35	600	1.10	660.00
2" CTS POLY PIPE	700	2.27	1589.00
2" CTS Corp Stop	27	120.15	3244.05
2" Angle Meter Valve w/ lock wing	26	169.90	4417.40
2" CTS Male Adapter	1	37.01	37.01
2" CTS SS Inserts	54	2.03	109.62
2" BALL VLV	1	43.13	43.13
2" BRASS PLUG	1	19.73	19.73
1" IPS POLY PIPE actual 10'	100	1.03	103.00
1" IPS CORP STOP	1	31.59	31.59
1" IPS Male Adapter	1	16.48	16.48
1" IPS SS INSERT	2	1.79	3.58
1" Air Release Valve	1	254.05	254.05
1" Ball Valve	1	13.11	13.11
1" X 4" BRASS Nipple	1	5.04	5.04
1/2"X 2" GAL NIPPLE	1	0.55	0.55
1/2" GAL 90 BEND	1	1.00	1.00
1/2" GAL STREET 90 BEND	1	2.19	2.19
1 METER BOX LOWER	1	13.19	13.19

#1 METER BOX LID	1	15.26	15.26
#2 METER BOX LOWER	1	20.11	20.11
#2 METER BOX UPPER	1	23.58	23.58
#2 METER BOX LID	1	45.39	45.39
#4 METER BOX LOWER	26	30.31	788.06
#4 METER BOX LID	26	66.71	1734.46
VALVE BOX UPPER	10	27.59	275.90
VALVE BOX LOWER	10	34.00	340.00
VALVE BOX LID	10	12.21	122.10
VALVE SIGN	10	22.00	220.00
VALVE SIGN DECAL	10	2.13	21.30
TRACE WIRE NEED 2500'	5	59.60	298.00
DUCT TAPE	25	4.89	122.25
LOCKS	26	7.50	195.00
HARDWARE CLOTH SQ FT	3	29.98	89.94
CHLORINE 5#	5	5.98	29.90
Total for materials			53,178.94

Labor for materials installation	51,335.00
sub-total	104,513.94

inspection & administration fees	10,874.40
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total	115,388.34
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# **EXHIBIT 5**

# CAMP VERDE WATER SYSTEM

P.O. Box 340

Camp Verde, AZ 86322-0340

(928) 567-5281

SERVICE ORDER #

Name: NORTHEAST INDUSTRIES  
Mailing Address: PO BOX 1884  
City, State, Zip: CAMP VERDE, AZ 86322  
Phone Number: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_  
Last 4 of SSN: \_\_\_\_\_  
Driver's License #: \_\_\_\_\_

Date: 8/14/2008  
Box Lid #: \_\_\_\_\_  
Record #: \_\_\_\_\_  
Sequence: \_\_\_\_\_  
Owner: X Renter: \_\_\_\_\_  
Escrow #: \_\_\_\_\_  
Adv Code: \_\_\_\_\_

TURN ON: INSTALL 2" METER

## CHARGES

## METER INFO

LOCATION: 1581 BOYLES

Photo \_\_\_\_\_

EST	\$ 25.00
DEPOSIT	_____
CON CHRG	_____
CUST VALVE	_____
BCKFLW TEST	_____
BCKFLW NEW	\$ 10.00
FT PIPE	_____
MISC	_____
TAX	\$ 3.63
TOTAL	\$ 38.63

SERIAL #	_____
RADIO #	_____
TYPE	_____
MR	_____
PR	_____
DATE	_____
TIME	_____
SP	_____
BY	SM/MS
CASH	_____
CHECK	_____

Signature \_\_\_\_\_

I, the above signed, agree to pay the water bill according to the rates as established by the Arizona Corporation Commission and be responsible for Utility property installed on the premises. Under this agreement, the Customer understands that any device installed by the company on their side of the meter is their responsibility to maintain and/or replace. It is further understood the **Customer must provide 3 working days notice to the company for discontinuance of service.** I understand all bills paid after 15 days from meter reading are subject to late fees of 1 1/2 %

### Monthly Minimum Tariff

5/8 x 3/4" Meter	\$ 23.75
3/4" Meter	23.75
1" Meter	50.00
1 1/2" Meter	75.00
2" Meter	175.00
FH Meter	185.00

### Gallon Usage Charge Per 1,000 Gallons

Up to 50,000	\$ 3.35
50,001 and above	5.70
Standpipe: same as above	

**Tariff is no pro-rated and does not include any water usage.**

INITIALS OF APPLICANT \_\_\_\_\_

"Charges for service commence when the service is installed and connection is made, whether used or not."

Arizona Corporation Commission R14-2-409, D-4

### CONTRACTORS/DEVELOPERS/HOMEOWNERS

**WARNING:** If you are digging around our facilities you are required to call Arizona Blue Stake before any digging is done. The number is 1-800-STAKE-IT. Any damage or realignment caused by your work could be subject to regulatory citation from the Arizona Corporation Commission. You will be responsible for the cost of repair or realignment. Contact Blue Stake prior to doing any work around water facilities. Failure to contact Blue Stake will put you at risk. All meter boxes & meters are to be aligned parallel and perpendicular to the curb, sidewalks, or roadways and must be outside of any fencing with no concrete touching the meter box to allow ease of access. They must be installed 1" above finished ground and level with dirt sloped away from the meter box. Any work we do to correct the problem will be charged to you at our personnel and equipment rates.



# **EXHIBIT 6**

**CAMP VERDE WATER SYSTEM, INC.**  
**499 S. SIXTH STREET**  
**P.O. BOX 340**  
**CAMP VERDE AZ 86322**  
**(928) 567-5281**

October 13, 2008

Northeast Industries International, Inc.  
1581 Boyles Way  
P.O. Box 1884  
Camp Verde, AZ 86322  
Attn: Sam Boyles

RE: Advance in Aid of Construction and Meter Service

Dear Mr. Boyles:

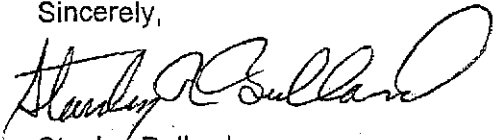
In the Advance Agreement dated January 10, 2007 and approved by the Arizona Corporation Commission one domestic and one fire service were to be installed. In Addendum A is a description of the project and the service to be installed. Camp Verde Water System provides fire sprinkler line service for customers only. By having the fire sprinkler service it is implied that you are a customer.

When the service is available for use, whether used or not, the customer is billed for the service. The Fire Sprinkler line was available for use in May 2007. Your building was not ready for the domestic line at that time. The final documentation for the line extension was provided in August 2008. The Domestic Meter was set at that time making the water available for use. The service was then started and billing initiated under our ACC approved tariff.

Your building has a two inch service. It appears that the service may be oversized for your immediate needs. If you desire a smaller service we can provide that to you if you are willing to pay for the downsizing of the meter. The current tariff for a two inch service is a minimum of \$175.00 per month plus taxes. If you were to downsize to a 5/8 X 3/4 service the minimum tariff is \$23.75 per month plus taxes. The cost to downsize the meter will be \$355.34

We hope this information clarifies the concerns you have about your billing. If you have any questions please let me know.

Sincerely,



Stanley Bullard  
Vice President  
Camp Verde Water System, Inc.